(b) and (c) As regards the need for tax rationalization, the Government has already taken a series of measures to reduce the burden of taxation on petroleum products. The customs and excise duties on kerosene and LPG have been reduced from 10% and 16% respectively, to nil. LPG has been made a 'declared good' with a maximum Sales Tax/VAT of 4%. The Government has also reduced the customs duty on petrol and diesel from 20% to 7.5%. The *ad-valorem* component of excise duty on petrol and diesel has been reduced from 32% and 16% respectively, to 6%. The custom duty of crude oil has also been reduced from 10% to 5%.

In view of very high international crude oil prices, Government has increased the prices of petrol and diesel by Rs. 2/litre and Re/1/litre respectively with effect from 15.2.2008 which is actually in the nature of a partial restoration of retail prices, to the price level operating before February, 2007.

Low production of LPG by public sector refineries

57. SHRI RAJKUMAR DHOOT: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that there has been a shortfall in production and distribution of LPG in public sector refineries during first month of 2008;

(b) if so, the details thereof and the reasons therefor; and

(c) the steps taken to normalize production and distribution of LPG?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) and (b) The actual LPG production at Public Sector Refineries of Indian Oil Corporation Ltd. (IOCL) and Hindustan Petrolum Corporation Ltd. (HPCL) was higher than the planned production for the month of January, 2008. However, Bharat Petroleum Corporation Ltd. (BPCL) has reported that there was a shortfall in LPG production due to unplanned shut down of one of the units at Mumbai Refinery.

Although, LPG inventories were comfortable, backlog did develop during end January, 2008 due to following reasons:

* Reduced LPG production/offspec LPG at Essar Oil during the first 20 days of January, 2008 by about 17 thousand metric tonnes (TMT).
* Delays in movement of bulk LPG by rail from Jamnagar to the Northern Region.
* Increased demand due to extreme and prolonged cold weather conditions and frequent power cuts in Northern Region.
* Panic booking in some parts of the country due to media news on expected increase in LPG refill price.

(c) Import of additional quantity of LPG have been tied up on industry basis by IOCL, HPCL and BPCL during January, 2008 to March, 2008 to improve the all India inventory levels and also to meet the increased demand.

Hike in price of natural gas

†58. DR. MURLI MANOHAR JOSHI:
SHRI RAJ MOHINDER SINGH MAJITHA:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

† Original notice of the question was received in Hindi.